

Homeownership Capital Improvements Policy

October, 2004

These guidelines describe the Division of Housing's criteria for Eligible Capital Improvements for Homeowners of Permanently Affordable housing units. In some cases, the Permanently Affordable Housing Covenant has specific information regarding Capital Improvement Credits. When considering capital improvements, for which the Homeowner will request credit, please refer to the Covenant for each specific home to determine the requirements for that property and this policy.

In order to qualify as an Eligible Capital Improvement, each expenditure must be approved conditionally in advance by the City. The Homeowner must submit in advance to the City detailed plans for each proposed Eligible Capital Improvement and an itemization of the expected costs. The City will review the proposal and conditionally approve Eligible Capital Improvements within fourteen days.

If an item wears out prior to the determined life expectancy, approval from the Division of Housing staff must be obtained prior to the replacement of the item. Always contact the Division of Housing prior to replacement of existing worn items. Within fourteen days after review of the Capital Improvement request the City will notify the Homeowner in writing whether or not the proposed expenditure is approved conditionally as an Eligible Capital Improvement.

Remember that it may be necessary to obtain a permit for the work you intend to do. If you are building something new you will probably want to show your plans to a Project Specialist in Planning and Development Services at 1739 Broadway, 3rd floor, 303 441-1880. 441-1880. You may also check the following website: www.ci.boulder.co.us/buildingservices

After a proposed Eligible Capital Improvement has been completed, the improvement and amount must receive final approval by the City as an Eligible Capital Improvement. It is recommended that within the same calendar year, during which the proposed Eligible Capital Improvement has been completed, the Homeowner submit to the City complete documentation showing all costs of the improvement.

- c Submit a written request for capital improvement credit.
- c Include an itemized receipt or bill of sale, complete with the seller's name, address, phone number and cancelled check. (Do not send original receipts, only copies)

Within fourteen days after the review of the Capital Improvement request the City will notify the Homeowner in writing about the eligibility of the Capital Improvement for credit.

If bartered goods or services were included in the cost, the Homeowner must submit an independent valuation of the value of those goods or services. If labor of the Homeowner, the Homeowner's spouse, domestic partner, children or parents for construction work is included within the cost, a detailed account of the work and time spent on the work shall be submitted along with two current estimates of the value of that work by at least two construction contractors licensed by the City. Homeowner labor will only be considered for credit if the request is received by Housing within twelve months of the time the work was completed.

Homeownership Capital Improvements Policy

The City shall have the right to inspect the Property at times that are mutually convenient to the City and the Homeowner to confirm the Eligible Capital Improvements have been completed in a workmanlike manner and the reasonable value of the improvement. If the City, in its reasonable discretion, is unsatisfied with the documentation provided by the Homeowner, it may base its determination of the value of the Improvements upon an estimation provided by an objective third party professional who is knowledgeable about local construction costs and practices. At the conclusion of this process the Division of Housing will send a written statement of approved Capital Improvement credit to the Homeowner.

Beginning January 1, 1998, the amount of Eligible Capital Improvements included within the calculations of the re-sale price limit may not exceed a total of \$1,000 for the complete calendar year during which the Owner owned the Property. Thereafter the yearly limit shall be adjusted annually in an amount equal to the change in the Consumer Price Index-Urban area (CPI-U) or up to 3.5%, whichever is less. If the CPI-U realizes a decrease, the annual capital improvement credit amount will remain the same as the figure for the previous year. The Owner may include within the re-sale price limit for Eligible Capital Improvements an amount up to the total produced by adding together all of the yearly limits for each completed calendar year during which the Owner has owned the Property.

Generally, improvements eligible for capital improvement credit are those items which:

- A. Add habitable rooms
- B. Significantly reduce energy consumption
- C. Replace old and deteriorated building components, such as the roof or furnace
- D. Renovate a kitchen or bathroom to address health and safety issues

Improvements considered to be non-permanent or cosmetic are not eligible. Additionally, luxury and high-end items chosen over standard grades will not be eligible for capital improvement credits. The following improvements are normally considered to be of a permanent nature and may be added to the resale price (when they were not included in the original purchase price). The standard life expectancy is indicated in parenthesis.

Home Owners Association

Home Owners Association (HOA) dues are not an eligible capital improvement, however, eligible repairs or improvements made by the HOA to the housing unit may be eligible for capital improvement credit. If the Home Owners Association pays for an improvement, such as a worn out roof over the affordable housing unit, the total cost of the job may be prorated to determine the cost attributable to the roof over the affordable housing unit. A receipt, with a written request must be submitted, as explained above, for review and approval.

Eligible Capital improvements

1. Room additions, completion of unfinished areas into living areas
2. Insulation up to levels with a 7-year pay back according to the Boulder Green Points Program
3. Upgraded replacement of single-pane and failed thermo-pane windows (15 years)

Homeownership Capital Improvements Policy

4. Landscaping - including sod, shrubs or trees, landscaping rocks, retaining walls, perimeter fencing (within the 1st three years for new development only), when not provided by the developer.
5. Modifications needed to accommodate a person with a "disability" as defined in the Americans with Disability Act of 1990, 42 USC Section 12101, et seq., or in a successor United States statute.
6. Central air conditioning (20 years)
7. Ceiling fan
8. Refrigerator for homes without one

Eligible Maintenance Improvements

Credit for 50% of the cost of these improvements will be given

1. Permanent storage sheds
2. Replacement of worn bathroom vanities, built-in cabinets (20 years)
3. Replacement of worn kitchen cabinets, built-in permanent cabinets (20)
4. Repair of existing patios, porches and decks (20 years)
5. Replacement of worn floor coverings (10 years)
6. Hardwood floors (50 years)
7. Siding replacement (20 years)
8. Roof replacement (20 years)
9. Furnace replacement (20 years)
10. Water heaters (10 years)
11. Refrigerator (17 years)

Exception requests to this policy may be submitted to the Division of Housing and Human Services Staff and Homeownership Committee.

APPROVED POLICY GOVERNING THE CAPITAL IMPROVEMENT CREDITS FOR HOMEOWNERS OF PERMANENTLY AFFORDABLE HOUSING UNITS.

In witness whereof:

John Pollak
Assistant Director of Housing & Human
Services for Housing

Date

Attest:

Janet Fulton
Asset Manager

Date

Homeownership Capital Improvements Policy

CIP Chart

The CIP figure is compounded annually.

Year	CPI-U Index % increase	Maximum CIP amount
1998	Baseline year O increase	\$ 1,000
1999	2.4%	\$ 1,024
2000	2.9%	\$ 1,054
2001	3.5%	\$ 1,091
2002	3.5%	\$1,129
2003	1.9%	\$1,150
2004	1.1%	\$1,163
2005		
2006		